

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 /020 W
----- 066024

R 071015Z MAR 75

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 7698

USDOC WASHDC

INFO AMEMBASSY BUCHAREST

AMEMBASSY WARSAW

UNCLAS PRAGUE 476

COMMERCE FOR BEWT/TPD (THOMPSON)

E.O. 11652: N/A

TAGS: BEXP, CZ

SUBJ: ILLINOIS IOGA TRADE MISSION

REF: STATE 024658

1. CZECHOSLOVAK REACTION THUS FAR TO PROCUCTS TO BE PROMOTED BY PROPOSED TRADE MISSION HAS BEEN MIXED. SIMEX FTO, WHOSE DIRECTOR ATTENDED THE CONEXPO EXHIBITION IN CHICAGO, IS VERY INTERESTED IN MEETING WITH BLAW-KNOX REPRESENTATIVES. SIMEX HAS HAD POOR RELATIONS IN RECENT PAST WITH EUROPEAN SUBSIDIARIES AND AGENTS OF AMERICAN MANUFACTURERS OF CONSTRUCTION EQUIPMENT, AND WOULD LIKE TO DEAL DIRECTLY WITH U.S. MANUFACTURERS. PRINCIPAL REASON CITED IS EXORBITANT MARK-UPS BY EUROPEAN AGENTS, SOMETIMES 100 PERCENT OR MORE OF U.S. LIST PRICE, ACCORDING TO SIMEX.

2. REACTION TO OTHER COMPANIES HAS BEEN LESS POSITIVE. THERE WAS DOUBT AT MERKURIA, THE FTO THAT WOULD IMPORT U.S. GYPSUM PRODUCTS, OVER HIGH COST OF TRANSPORTING SUCH BULKY PRODUCTS FROM THE U.S. TO CZECHOSLOVAKIA. EVEN IF U.S. CYPsum WERE INTERESTED IN LICENSING MANUFACTURE OF, E.G., MOVABLE WALL SYSTEMS, THERE WOULD BE ADDITIONAL PROBLEM THAT
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LITTLE GYPSUM IS FOUND IN CZECHOSLOVAKIA. MERKURIA

ALSO HAS KLEIN CATALOGS, AND THINKS SOME SPECIAL-PURPOSE KLEIN EQUIPMENT MIGHT BE OF INTEREST HERE. MERKURIA CAUTIONED, HOWEVER, THAT LAST YEAR IT IMPORTED DOLS 420,000 IN GOODS FROM U.S. AND ONLY EXPORTED DOLS 170,000 WORTH TO U.S. OFFICIAL THERE MENTIONED THAT THIS WAS IMPORTANT CONSIDERATION, PARTICULARLY IN LIGHT OF DISCRIMINATORY PROVISIONS OF U.S. TRADE ACT OF 1974 THAT SEEM TO PRECLUDE ANY CHANCE IN NEAR FUTURE THAT THE HANDICAPS CZECHOSLOVAK PRODUCTS FACE IN THE U.S. MARKET WILL BE REDUCED. HE DID NOT CLOSE DOOR, THOUGH, SAYING THIS WAS ONLY HIS FIRST REACTION, AND THAT HE WOULD RESERVE JUDGMENT UNTIL SPECIALISTS IN IMPORT DEPARTMENT HAD STUDIED CATALOGS AND MADE RECOMMENDATIONS. HE AGREED TO REPORT BACK TO EMBASSY IN TEN DAYS WITH CLEARER ASSESSMENT.

3. A BENTONITE PRODUCT SIMILAR TO THOSE MINED AND MANUFACTURED BY AMERICAN COLLOID IS NOW BEING USED ON CONSTRUCTION OF PRAGUE SUBWAY. THE MINERAL IS MINED AND PROCESSED IN CZECHOSLOVAKIA, USING ITALIAN EQUIPMENT AND TECHNOLOGY, SO THERE SEEMS TO BE LITTLE OPPORTUNITY FOR AMERICAN COLLOID TO BREAK INTO MARKET HERE, AT LEAST IN SHORT RUN, UNLESS ITS PRODUCT IS CLEARLY SUPERIOR IN QUALITY.

4. WE HAVE NOT YET RECEIVED ESCO INTERNATIONAL CATALOGS, AND WOULD PREFER TO RECEIVE MORE DETAILED INFORMATION THAN THAT CONTAINED IN LEAFLET ON UNIVERSAL FORM CLAMP PANEL SYSTEM (SEE PRAGUE 329) BEFORE APPROACHING APPROPRIATE FTO.

5. COMMENT: IN VIEW SOMEWHAT UNCERTAIN PROSPECTS FOR FIRMS THUS FAR RECRUITED, EMBASSY WONDERS IF COMMERCE COULD ENCOURAGE STATE OF ILLINOIS TO INTENSIFY ITS RECRUITING EFFORTS. EMBASSY PARTICULARLY ENCOURAGES THE RECRUITMENT OF MORE HEAVY EQUIPMENT FIRMS LIKE BLAW-KNOX. EMBASSY WAS SURPRISED TO LEARN THAT SIMEX, ALTHOUGH IT HAS DEALT FOR YEARS WITH U.S. MANUFACTURERS WHO ENJOY UNCLASSIFIED

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A HIGH REPUTATION, LIKE CATERPILLAR AND BARBER-GREENE, HAD NEVER HEARD OF BLAW-KNOX. IT ALSO SEEMS THAT HEAVY CONSTRUCTION EQUIPMENT IS, FOR THE TIME BEING, A FAVORED RECIPIENT OF HARD CURRENCY ALLOCATIONS. PERRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PRAGUE00476
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750080-0952
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750372/aaaacmmn.tel
Line Count: 112
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 024658
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2003 by RuthemTJ>; APPROVED <25 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ILLINOIS IOGA TRADE MISSION
TAGS: BEXP, CZ
To: STATE COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006